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MINUTES OF THE REGULAR COMMISSION MEETING OF THE MICHIGAN PUBLIC
SERVICE COMMISSION HELD IN ITS OFFICES ON DECEMBER 20, 2016

Commission Chairman Sally A. Talberg called the meeting to order at 1:32 p.m.
Executive Secretary Kavita Kale called the roll and declared there was a quorum.

PRESENT

Commission: Sally A. Talberg, Chairman
Norman J. Saari, Commissioner
Rachael A. Eubanks, Commissioner

Staff: Kavita Kale
Karen Kostbade
Judy Palnau
Paul Proudfoot
Gary Kitts
Al Freeman
Derrell Slaughter
Dave Isakson
Dolores Midkiff-Powell
Gloria Pearl Jones

Public: Steve McLean, SEMCO
Kwafo Adarkwa, ITC
Candace Gonzales, Consumers Energy
Adella F. Crozier, DTE Energy
Jacob Kanclerz, MIRS
Lori Ebaugh, Residential Customer Group
Jeanine Deal, Residential Customer Group
Jay Bowers, Residential Customer Group
Michelle Risen, Residential Customer Group
Lola Killey, Residential Customer Group
Yvette Collins, AT&T
Leah J. Brooks, Loomis Law Firm

I. Commissioner Saari moved to approve today's agenda, Commissioner Eubanks seconded.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The agenda was approved.

- II.** Commissioner Saari moved to approve the minutes of the Regular Commission Meeting of December 9, 2016, Commissioner Eubanks seconded.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The minutes were approved.

III. ORDERS

A. COMMUNICATIONS

1. U-13302 AT&T MICHIGAN AND BULLSEYE TELECOM, INC.
U-13378 AT&T MICHIGAN AND COMCAST PHONE OF MICHIGAN, LLC
U-15219 AT&T MICHIGAN AND CLIMAX TELEPHONE COMPANY
U-18184 AT&T MICHIGAN AND AIRUS, INC.
(interconnection agreements and amendments)

Case No. U-13302 *et al.* requests Commission approval of interconnection agreements and amendments. The order before you approves the requests. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

2. U-16136 BUDGET PREPAY, INC.
(ETC relinquishment)

Case No. U-16136 involves a request filed by Budget Prepay, Inc., to relinquish its eligible telecommunications carrier designation for wireline service. The order before you approves the request. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

3. U-16941 TOTAL CALL MOBILE, INC.
(ETC relinquishment)

Case No. U-16941 involves a request filed by Total Call Mobile, Inc., to relinquish its eligible telecommunications carrier designation. The order before you approves the request. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

4. U-18067 MOBILITIE MANAGEMENT, LLC
(permanent license)

Case No. U-18067 involves an application filed by Mobilitie Management, LLC, for a license to provide basic local exchange service. The order before you grants the license with conditions. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

5. U-18125 UTILITY NETWORK AUTHORITY MI, LLC
(permanent license)

Case No. U-18125 involves an application filed by Utility Network Authority MI, LLC, for a license to provide basic local exchange service. The order before you grants the license with conditions. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

6. U-18137 211 NORTHEAST MICHIGAN CALL CENTER
(2-1-1 application)

Case No. U-18137 involves an application filed by 211 Northeast Michigan Call Center for designation as the community resource information and referral answering point for St. Clair County. The order

before you approves the application. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

7. U-18176 UNITI FIBER-PEG LLC f/k/a PEG BANDWIDTH LLC
(permanent license)

Case No. U-18176 involves an application by Uniti Fiber-PEG LLC f/k/a PEG Bandwidth, LLC, for a license to provide basic local exchange service throughout the state of Michigan in the incumbent geographic territories of AT&T Michigan, Frontier North, Inc., Frontier Midstates Inc., CenturyTel of Michigan, Inc., CenturyTel Midwest – Michigan, Inc., CenturyTel of Northern Michigan, Inc., and CenturyTel of Upper Michigan, Inc. The order before you approves the permanent license. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

8. U-18209 PENINSULA FIBER NETWORK NEXT GENERATION SERVICES, LLC
(license expansion)

Case No. U-18209 is an application filed by Peninsula Fiber Network Next Generation Services, LLC, for temporary and permanent licenses to expand the geographic service areas for its local exchange service in the state of Michigan. The order before you approves the application for a temporary license expansion. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

9. MINUTE ACTION FRONTIER MICHIGAN (9-1-1 wireless – U-14000)

Adopt and issue minute dated December 20, 2016, finding that the attached Frontier North Inc. and Frontier Midstates Inc. invoice Nos. MI9NGMTS9111216 and MI9NZMTS9111216 for the periods of September 1, 2016, to November 30, 2016, is for wireless emergency service costs recoverable under 2007 PA 165, MCL 484.1408(4)(b). The Commission approves the attached invoice in the amount of \$168,485.61 for reimbursement by the Michigan Department of Treasury. Commissioner Saari moved that the Commission approve the minute at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The minute was adopted.

10. MINUTE ACTION PENINSULA FIBER NETWORK, LLC (9-1-1 wireless – U-14000)

Adopt and issue minute dated December 20, 2016, finding that the attached Peninsula Fiber Network, LLC, invoice No. 50002258 for the period of September 1, 2016, to November 30, 2016, is for wireless emergency service costs recoverable under 2007 PA 165, MCL 484.1408(4)(b). The Commission approves the attached invoice in the amount of \$152,003.67 for reimbursement by the Michigan Department of Treasury. Commissioner Saari moved that the Commission approve the minute at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The minute was adopted.

B. ELECTRIC

1. U-15805 COMMISSION’S OWN MOTION (Consumers Energy Company – WTPA agreement with General Electric)

Case No. U-15805 involves an application by Consumers Energy Company for approval of an amendment to a wind turbine purchase agreement with General Electric Company. The order before you approves the contract as in compliance with Public Act 295 of 2008.

Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

2. U-17674-R WISCONSIN ELECTRIC POWER COMPANY
(’15 PSCR reconciliation)

Case No. U-17674-R involves an application by Wisconsin Electric Power Company for approval of its power supply cost recovery reconciliation for the 12-month period ended December 31, 2015. The order before you approves a settlement agreement resolving all issues in the case. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

3. U-18019 WISCONSIN ELECTRIC POWER COMPANY
(energy optimization reconciliation)

Case No. U-18019 involves an application by Wisconsin Electric Power Company requesting authority to reconcile its energy optimization costs and revenues for 2015. The order before you approves a settlement agreement resolving all issues in the case. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

4. U-18088 WISCONSIN PUBLIC SERVICE CORPORATION
(’15 renewable energy reconciliation)

Case No. U-18088 involves an application by Wisconsin Public Service Corporation requesting authority to reconcile renewable energy revenues and expenses for 2015. The order before you approves a settlement

agreement resolving all issues in the case. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

5. U-18111 COMMISSION’S OWN MOTION
(DTE Electric Company – build-transfer contract with Pine River Wind Engineering)

Case No. U-18111 involves an application by DTE Electric Company for approval of a Build-Transfer contract with Pine River Wind Engineering, LLC. The order before you approves the contract as in compliance with 2008 PA 295. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

6. U-18161 CONSUMERS ENERGY COMPANY
(time-of-use rate and pilot)

Case No. U-18161 involves an application by Consumers Energy Company for *ex parte* approval to implement an electric general service secondary time-of-use rate and to modify its existing general service primary time-of-use pilot. The order approves the application. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

7. U-18218 COMMISSION’S OWN MOTION
(Consumers Energy Company-Palisades Nuclear Power Plant)
U-18142 CONSUMERS ENERGY COMPANY
(’17 PSCR plan)

Case No. U-18218 is a docket opened on the Commission’s own motion to commence consideration of the various regulatory reviews associated

with Consumers Energy Company's recently-announced decision to terminate early its power purchase agreement with Entergy Nuclear Palisades, LLC, for the purchase of power from the Palisades Nuclear Power Plant. Case No. U-18142 is Consumers Energy Company's currently pending power supply cost recovery plan case. The order before you directs the utility to file information regarding termination of the power purchase agreement; and to file a revised five-year forecast. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Chairman Talberg commented:

"Our order today calls for additional information on Consumers Energy's announcement to terminate its power purchase agreement with Entergy for electricity from the Palisades Nuclear Power Plant.

This 15-year agreement was approved by the Commission in 2007 and expires in 2022. At the time it was approved, the Commission believed the Palisades plant sale and subsequent purchased power agreement was in the best interest of the state of Michigan. Early termination of the agreement and Entergy's proposed closure of the plant in 2018 raises important policy and regulatory considerations, including impacts on resource adequacy and electricity rates.

I want to acknowledge House Resolution 410, approved last Thursday, provided guidance to the Commission on this matter and expressed the concern that early termination of the purchase power agreement would be detrimental to electric reliability in Michigan.

It is the Commission's role to ensure adequate electric supply is available to meet demands for energy and to ensure the interests of customers are fully considered. We take this role very seriously.

We are initiating this proceeding today to receive information that the Commission, its staff, and stakeholders will need to begin evaluating Consumers Energy's plan.

Many issues need to be addressed. This includes information on alternatives the utility may have considered as well as the utility's plans for replacement capacity and energy and the associated costs, fuel diversity, and reliability impacts.

This is the first step in a process for the Commission to thoughtfully consider the implications of Consumers' plan in a holistic and timely manner.

We are mindful of the need for certainty on the final disposition of these issues given what is at stake for employees of Palisades, state and local governments, the two companies, and the public at large."

Commissioner Saari commented:

"I am reinforcing the Chairman's comments by adding that this Commission has a duty and responsibility to carefully look at multiple issues before decisions are made regarding the impact of the plant closing on energy supply and cost in this state.

I would be remiss if I did not add that while the Commission acknowledges that it does not have as its primary responsibility the socioeconomic impact of the plant closing on the state and the local government, we believe that Consumers Energy and Entergy should be forthright and good corporate citizens in providing timely information locally about employment, taxes and other programs, including operational issues associated with the long term onsite storage of spent nuclear fuel.

The Palisades Plant has been regarded as a good neighbor to the residents, schools and governments in Van Buren and surrounding counties. We are hopeful that timely and accurate communication continues as Palisades' issues are discussed.

The Commission looks forward to hearing from Consumers Energy on the issues outlined in our order today.”

Commissioner Eubanks commented:

“Thank you Chairman Talberg and Commissioner Saari for your comments. All three of us have elected to speak today, which in itself underscores the magnitude of concern the Commission has related to this issue.

In particular, I would like the public to know the Commission thoroughly understands that the early closure of Palisades has the potential to impact the reliability of the electric service Michiganders depend on to carry out their everyday lives. As a state, we are already seeing how anticipated, and unanticipated, power plant closures have pushed us toward our limit of keeping the lights on. Palisades generates enough electricity to power approximately 800,000 homes, and there have been recent instances when we may not have been able to afford losing its contribution. We want to clearly relay that whether to shut this plant down earlier than anticipated is a significant decision that must take into account Michigan’s electricity needs both today and well into the future. We also believe it is unwise to continue to assume that our neighbors will have extra electricity to sell us when we need it most.

Protecting electric reliability is a key responsibility of the Commission. The Commission cannot make any decision in a short-sighted manner or without proper analysis and consideration of a complete set of facts. Today’s order is intended to allow Consumers to gain a better understanding of the decision process we envision when a formal proceeding does come before us as well as establish an avenue for the utility to provide technical information in response to the Commission’s initial concerns. Thank you.”

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

C. GAS

1. U-15794 BORDER ENERGY GAS SERVICES, INC.
(voluntary relinquishment of AGS license)

Case No. U-15794 is a request filed by Border Energy Gas Services, Inc., to surrender its alternative gas supplier license. The order before you approves the request. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

2. U-17929 HANOVER 19, L.L.C. v CONSUMERS ENERGY COMPANY
(rehearing)

Case No. U-17929 involves a complaint filed by Hanover 19, L.L.C., against Consumers Energy Company. The order before you grants in part, clarifies in part, and denies in part a petition for rehearing, as set forth in the order. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari
Abstained – Eubanks
Nays – None

The order was adopted.

3. U-18078 COMMISSION’S OWN MOTION
(rulemaking – MISS DIG)

Case No. U-18078 involves the promulgation of rules governing underground facility damage prevention and safety. The order before you formally adopts the rules. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

4. U-18139 MICHIGAN GAS UTILITIES CORPORATION
(tariff amendment)

Case No. U-18139 involves an application by Michigan Gas Utilities Corporation seeking approval to revise its tariff to implement a monthly meter charge for transportation aggregation services. The order before you approves a settlement agreement resolving all issues in this case. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

5. U-18178 SEMCO ENERGY GAS COMPANY
(tariff revisions)

Case No. U-18178 involves an application by SEMCO Energy Gas Company requesting *ex parte* approval of certain revisions to its transportation tariffs. The order before you approves the application and the related tariff revisions. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

6. U-18179 SEMCO ENERGY, INC.
(’16-’17 energy optimization plan)

Case No. U-18179 involves an application by SEMCO Energy Gas Company requesting approval of an amended energy optimization plan. The order before you approves a settlement agreement resolving all issues in the case. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

7. U-18185 NORTHERN STATES POWER COMPANY
(revised depreciation rates)

Case No. U-18185 involves an application by Northern States Power Company requesting approval of revised depreciation rates. The order before you approves the application and grants the requested relief. Commissioner Saari moved that the Commission approve the order at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The order was adopted.

8. MINUTE ACTION CONSUMERS ENERGY COMPANY
(Dort Highway incident)

Adopt and issue minute dated December 20, 2016, acknowledging that, in response the November 7, 2016 letter of probable non-compliance sent to Consumers Energy Company by the Commission Staff, the company paid a civil penalty in the amount of \$40,000, for non-compliance with the Michigan Gas Safety Standards in the Dort Highway incident. Commissioner Saari moved that the Commission approve the minute at its December 20, 2016 meeting. Commissioner Eubanks seconded that motion.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The minute was adopted.

IV. PUBLIC COMMENTS

The Residential Customer Group (RCG), East Lansing, Michigan, Michelle Risen, Lola Killey, Lori Ebaugh, Jeanine Deal, and Jay Bowers, collectively voiced their concerns regarding Consumers Energy Company's and DTE Energy Company's Advanced Metering Infrastructure (AMI) hardware and services, which included but not limited to: cost causes; opt-out charges; alleged fire dangers; accessibility to analog electric and gas meter alternatives; shut-off provisions; billing standards; as well as addressing the needs and assistance of the elderly, disabled and disadvantaged customers and medical disputes. RCG also provided the Commissioners with articles and various literature to support their claim along with a list of comments. Chairman Talberg referred RCG to consult with Robert Kehres for further assistance to resolve their concerns.

An audio recording of the proceedings of the December 20, 2016 meeting is archived in podcast format at: <http://www.dleg.state.mi.us/mpsc/execsec/podcasts/mpsc-cm--12-20-2016.mp3.MP3>.

Chairman Talberg's Year End Remarks:

"With this being our final Commission meeting of 2016, I wanted to take a moment to acknowledge our significant accomplishments over this past year. This is not an exhaustive list but there are a few items that I am particularly proud of, particularly in terms of the significant contributions from our staff and their impact on the public at large.

First, and most recently, Michigan now has comprehensive energy legislation that will position us to be successful in the future.

- It provides a framework for addressing looming resource adequacy challenges in the state as we face power plant retirements and ensuring we have an energy future that meets the governor's goals of being affordable, reliable, and protective of the environment and being adaptable to whatever change the future holds.*
- The work has really just begun for us, as the MPSC will serve a critical role in the implementation of this bipartisan legislation.*

Second, we supported the Governor's Infrastructure Commission to help shape a bold vision for both energy and communications in the 21st century. We served as a trusted source of information and

counsel throughout this process to develop recommendations on infrastructure needs over the next 50 years.

Third, we brought about a resolution to a customer service issue involving a utility's estimated billing practices that affected thousands of utility customers over an extended period of time. Through our staff's investigation and our enforcement actions earlier this year, we ensured that the problem was fully understood and addressed in a thoughtful manner so this never happens again.

Fourth, we collaborated with the Michigan Agency on Energy on a number of fronts, from the state energy legislation to advocacy at the federal level and cross-agency staff energy modeling efforts to examine our future energy needs and options.

Fifth, we made significant progress on eliminating the backlog of older cases pending before the Commission and increased both the efficiency and effectiveness of our docket management processes. This included going paperless. These and related process improvements will remain a continuing priority but I am proud of what we've accomplished in such a short timeframe.

Sixth, we were able to continue to support the mapping of broadband needs and related community outreach – activities that can help address the digital divide and ensure all Michigan residents, businesses and institutions have access to high-speed Internet services that are so vital to our daily lives.

Seventh, we worked with the legislature and key stakeholders on a number of fronts to ensure we had the adequate funding and staffing for our gas safety program and to reinforce the Commission's role handling cable, or video franchise, disputes.

Eighth, we handled hundreds of cases – from complex rate cases to routine filings - in a thoughtful manner. This included the review of significant infrastructure investments by gas and electric utilities to replace aging pipes, lines, power plants, and other equipment that will position Michigan with safe, reliable energy over the long term. I want to acknowledge all the work of the staff, the ALJs, various parties, and my colleagues on the Commission for their diligence and commitment to addressing these important issues.

Ninth, our team responded to critical incidents involving safety and reliability from natural gas explosions in Melvindale, Chelsea, and Genesee County, to the investigation of an electrocution in Detroit to an evaluation of the aftermath of the St. Clair power plant fire.

Last but not least, we welcomed Commissioner Eubanks to the MPSC. She has been a tremendous addition and I'm honored to serve with her and Commission Saari given their commitment to public service.

I could keep going – but I will stop here and close by saying thank you. I also want to thank Mr. Donald G. Hazzard for his participation at our meetings. Your attendance and occasional comments are a helpful reminder of why we serve on the Commission and the importance it has on our everyday lives."

Commissioner Saari moved that the Commission adjourn, Commissioner Eubanks seconded.

Vote: Yeas – Talberg, Saari, Eubanks
Nays – None

The motion was approved.

The meeting adjourned at 3:03 p.m.

Kavita Kale
Executive Secretary